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FM AMEMBASSY KUALA LUMPUR

TO RUEHC/SECSTATE WASHDC IMMEDIATE 0874

INFO RUEHRL/AMEMBASSY BERLIN IMMEDIATE 0176

RUEHLO/AMEMBASSY LONDON IMMEDIATE 0419

RUEHFR/AMEMBASSY PARIS IMMEDIATE 0199

RUEHBY/AMEMBASSY CANBERRA IMMEDIATE 2527

RHHMUNA/USCINCPAC HONOLULU HI IMMEDIATE

RUEHUNV/USMISSION UNVIE VIENNA IMMEDIATE 0122

RUCNDT/USMISSION USUN NEW YORK IMMEDIATE 1064

RHEHNSC/NSC WASHDC IMMEDIATE

RUEKJCS/SECDEF WASHDC IMMEDIATE

RUCNASE/ASEAN MEMBER COLLECTIVE PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 KUALA LUMPUR 000302

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STATE FOR ISN, T, IO AND EAP

E.O. 12958: DECL: 04/22/2028

TAGS: PARM PREL ETTC IR MY

SUBJECT: IRAN BLOCKED, AGAIN, FROM MALAYSIA ARMS SHOW

REF: A. STATE 41998 - ENDING U.S. PARTICIPATION

1B. KUALA LUMPUR 286 - IRAN NOT STOPPED

1C. KUALA LUMPUR 274 - MINDEF SAYS NO IRAN

1D. KUALA LUMPUR 269 - IRAN AT ARMS SHOW

1E. STATE 39049 - DEMARCHE INSTRUCTION

Classified By: Political Section Chief Mark D. Clark for reasons 1.4 (b and d).

Summary

11. (C) Malaysia on April 22 blocked Iran from participating in the Defense Services Asia (DSA) military sales exhibition.

This followed a week of decisions in favor of Iran and reversals, and continuous interventions by the Embassy and our UK and French counterparts. The Malaysians reached a compromise with Iran on April 19 and again on April 21, allowing Iran to display certain small arms and defensive gear (still in violation of UNSCRs). The Ambassador called Prime Minister Abdullah on April 21 and alerted him to the situation. On the morning of April 22, Iran violated its agreement with Malaysia by preparing a display that included rockets and artillery shells, prompting the Defense Ministry to order a halt to Iran's participation. The Foreign Minister confirmed this decision in a call to the Ambassador, but did not concede that Iran's participation in DSA would constitute a violation of UNSCRs. Another serious concern pertains to the import from Iran into Malaysia of various arms and arms related items, a clear violation of UNSCR 1747 regardless of the exhibition. We believe these concerns may be usefully addressed by P3 or UN sanctions committee discussions with the Malaysian mission in New York. Our forceful response to the DSA incident should help us as we pursue other nonproliferation concerns with Malaysia. End Summary.

Weekend Back and Forth

12. (C) Embassy engagement, including by the Ambassador and DATT, continued through the April 19-20 weekend following the preceding four days of diplomatic interventions (reftels) aimed at convincing Malaysia to rescind its permission to allow Iranian participation in the DSA. After several GOM decisions to stop Iran and subsequent reversals in Iran's favor, Embassy DATT received assurances from the Defense Ministry ahead of the April 20 kick-off ceremony that Iran

would not be allowed to formally participate in DSA. Throughout our discussions, the Defense Ministry referred to the Foreign Ministry's support for Iran and the Foreign Ministry's interpretation of UNSCRs as allowing Iran to join the DSA military sales exhibition.

Iran Regains Permission

¶3. (C) On April 21, the first day of the public exhibition, we learned that the Defense Ministry had given the Iranian entities permission to open their booth. This followed a meeting between the Iranian ambassador and Defense Ministry Secretary General Abubakar. Defense Ministry officials and

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DSA representatives informed us that Iran would display small arms and non-lethal gear (a compromise discussed by Iran and Malaysia on April 19). Contractors reconstructed the Iranian booth on the evening of April 21.

Ambassador Phones Prime Minister

¶4. (C) The Ambassador phoned Prime Minister Abdullah Badawi late on April 21 after a hastily scheduled meeting with Deputy Prime Minister/Defense Minister Najib Tun Razak did not materialize (Najib delegated the meeting to his Secretary General). The Ambassador alerted the Prime Minister to the DSA situation, and explained that we may be forced to withdraw official U.S. participation out of respect for the UNSC sanctions and not as an effort to embarrass Malaysia. The Prime Minister said he was unaware of the situation and would speak with Defense Minister Najib.

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Rockets and Artillery Rounds - Iranians Go Too Far

¶5. (C) On the morning of April 22, the Iranian exhibit appeared ready to open with a wide-ranging display that included 155mm and 125mm artillery rounds; various surface-to-surface and anti-tank rockets, and armor piercing rounds; surveillance gear, including night vision devices; protective gear for nuclear, biological, chemical threats (MOPP suit); models of naval vessels; and advertisements for aircraft parts. (Note: We have forwarded a more detailed inventory to EAP/MTS and ISN. End Note.) DATT drew Defense Ministry officials' attention to this extensive display and informed them that on instruction from Washington we would withdraw official U.S. participation, including U.S. military exhibits, immediately upon the opening of the Iranian exhibit. The Ambassador sent a message to the Prime Minister alerting him to the impending U.S. withdrawal.

¶6. (C) Within 90 minutes, Defense Ministry Secretary General Abubakar informed DATT that Malaysia had rescinded its approval for the Iranian exhibit because Iran had "broken its promise" by displaying unauthorized items. Foreign Minister Rais Yatim, acting on instruction from the Prime Minister, telephoned the Ambassador and confirmed the same decision and rationale. Rais Yatim stood by the Foreign Ministry's position that Iran's participation in DSA (exhibiting certain non-lethal gear and apparently small arms as negotiated with the Iranians) would not violate UNSCRs.

¶7. (C) UK officials informed us of their meeting later on April 22 with Secretary General Abubakar in which he said Malaysia had been "hurt and offended" that a "friendly nation" (Iran) had taken advantage of Malaysia's hospitality. Abubakar described Iran's exhibit of large ordinance as a "clear breach" of UN sanctions. It remained unclear how and on what basis Malaysia drew the line between acceptable and unacceptable military items for DSA display.

¶8. (C) U.S., UK and French missions coordinated and shared information throughout the dispute over Iranian participation at DSA. We also kept the Australian mission informed, while the UK and France worked to include Germany.

Comment

¶9. (C) While aggressive diplomatic intervention by the U.S. and its allies has stopped Iran's participation the DSA arms show (at least as of this hour - DSA will continue for another two days), we recognize at least two serious concerns that should be addressed with Malaysia. First, Malaysia does not agree with the P3 interpretation of UN sanctions against Iran, particularly paragraph 5 of UNSCR 1747, which would prohibit Iran's participation in a defense sales and marketing event and prohibit Iran's marketing of small arms and non-lethal military gear. (Beyond Malaysia's own position, greater UNSC or P3 clarity on this issue and advance work with scheduled defense exhibitions may help to prevent similar situations from arising at the last minute; we note that Malaysia appeared unaware of the 2007 Brazil precedent prior to our demarche.)

¶10. (C) Second, Iran's transfer to Malaysian territory of various arms and arms-related materiel for this exhibition appears to be a clear violation of UNSCR 1747. This transfer, however, apparently has not met with any Malaysian government restrictions or concerns, outside of the question of what would be on public display at DSA.

¶11. (C) We believe that a P3 or 1747 sanctions committee approach to Malaysia's UN mission, addressing the DSA incident and Iranian transfer of arms and arms-related materiel, represents a useful way to proceed. Such an approach could clarify authoritative interpretations of UNSCRs, and reinforce the international community's serious concern over respect for UN sanctions on Iran. A P3 or sanctions committee approach in New York would provide a good basis for follow-on discussions with the Foreign Ministry and GOM senior officials in Kuala Lumpur.

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¶12. (C) As a silver lining, the painful DSA incident has signaled clearly to the Prime Minister, the Defense Minister and the Foreign Minister that we view UN sanctions on Iran, related to Iran's non-compliance with UNSC demands regarding its nuclear program, as a very serious matter. This should help us as we pursue other nonproliferation concerns with Malaysia.

KEITH